

GOVERNMENT OVERSIGHT COMMITTEE
CHILD SUPPORT UPDATE
RFI 6215 – June 6, 2006

Customers Served - 190,189 cases in SFY06 (AS OF 4/30/06)

- **How you become our Customer?**
 - Receive Public Assistance (FIP, foster care, Medicaid)
 - Apply for Services, pay \$25.00 application fee as established by the General Assembly
- **What services does the child support program provide?**

The Child Support Recovery Unit (CSRU) collects payments of child support. We also:

 - Establish the paternity of children born out-of-wedlock.
 - Establish child support, medical support and health insurance obligations.
 - Review and modify child support and medical support obligations.
 - Enforce payment of court ordered child support, medical support and health insurance.
 - Locate parents and their assets.
 - Receive, record and disburse child support payments.
 - Work with community partners to engage parents in the lives of their children

Areas Where Legislative Assistance May Be Needed

- **Changes in response to the Deficit Reduction Act of 2005**

Federal Funding Reductions:

- **Incentives**, effective 10/1/07: Prohibition on federal match for incentives earned for high performance.
 - Iowa's program will lose \$13.5M each year in current federal funds.
 - This amounts to about 25% of the current total budget for the program.
 - A reduction of this level will affect the over 175,000 children served by child support.
 - A decrease of collections for families and the state:
 - Families \$66.5M
 - State share of FIP collections \$3.3M

Areas Where Legislative Assistance May Be Needed (Cont'd)

- **Paternity testing**, effective 10/1/06: Federal match reduced from 90% to 66%.
 - Results in a budgetary loss of \$35,477.07.

New Federal Mandates:

- **New Annual Fee**, effective 10/1/08: An annual \$25 fee must be collected for each customer who receives over \$500 in support each year, if that customer never received FIP.
 - The federal government takes 66% of the fees paid.
 - Cost to implement will be significant.
- **Medical support**, effective 10/1/07: The state must seek orders for medical support from either parent who has health insurance provided by the employer, and enforce these orders. There appears to be a broader definition of medical support not yet clarified.
 - Cost to implement could be significant if CSRU must enforce against custodial parents.
- **Review and adjust**, effective 10/1/07: Public assistance cases must be reviewed every 3 years.
 - Decrease in collections for families and the state and federal government if staff is diverted from collecting support.
 - Cost to implement will be moderate.
- **Passport sanction**, effective 10/1/07: Threshold lowered from \$5000 to \$2,500.
 - Cost to implement will be minimal.

New Federal Option:

- **Distribution of Public Assistance Collections**, effective 10/1/09: Iowa could choose in the future to send a portion of child support collected while on public assistance to families.

Areas Where Legislative Assistance May Be Needed (Cont'd)

- **Self-employed or work for cash**
 - Why? Nearly 74% of child support collections come from income withholding. This enforcement method is not effective with these obligors.
 - What currently doing?
 - Improving our agency initiated customer service contacts by working hard in the early months of a new case to encourage getting in a pattern of paying support and affirm the customer's commitment to their children.
- **One Parent Lives Outside of Iowa**
 - Why? Cases where one of the individuals lives out of state make up approximately 28% of the cases and 33% of the delinquency we are trying to collect.
 - What currently doing?
 - Participating on a national workgroup looking for ways to better share information electronically between states
 - Began a project with Nebraska in April 2004 to co-locate staff and jointly work interstate cases
 - Began a second co-location project with Illinois in October 2005
- **Asset Location Tools**
 - Why? Even though have many different tools for obtaining location, difficult to keep up with individuals that frequently move.
 - What currently doing?
 - Federal Parent Locator Service (SSA, Veterans, FBI, IRS, National Directory of New Hires)
 - IWD (employer wage files)
 - Centralized Employee Registry (report new hires)
 - Other sources: prisons, credit agencies, public utilities, vehicle registration, driver's license, voter registration, hunting and fishing license information, Dept. of Revenue (provides employer addresses)
 - Financial institution data match
 - Cell phone company matches

What Are We Doing to Maintain Performance Given Current Budget Constraints?

- **Working hard on maintaining performance.** As example (SFY05):
 - Processed 994,396 New Hires. 7.3% resulted in a match with child support cases.
 - Secured 45,807 first time income-withholding orders and issued 122,966 income-withholding notices (notices are done each time a person changes employment)
 - Sent a total of 17,377 Official Notices of Potential License Sanction.
 - Also contract with Dept. of Revenue for assistance on hard to collect cases where only arrears due. 7,288 cases referred in FY05 resulting in collections of \$750,734.
 - United States Attorney Program: CSRU is referring qualifying cases to the US Attorney program for federal criminal prosecution. Recent criminal convictions include sentences, and restitution totaling \$208,263.68.
 - Financial Institution Data Match and Administrative Levy: Over \$1.2 million collected from debtors' accounts for of SFY 05.
 - Passport Sanction: CSRU has successfully secured large payoffs from debtors seeking to travel outside the US.
 - Iowa and Nebraska teamed up to open a first-in-the-nation co-located office with staff from both states on April 5, 2004.
 - Iowa and Illinois opened a second co-located office on October 14, 2005.
- **Communicating with our customers**
 - Customers accessed payment and general program information (like calling a bank) on our IVR just under 3 million times in SFY05 (2,713,758 times)
 - Customers accessed payment information, printable forms, a child support estimator and general program information through our website 852,386 times in the last three quarters of SFY04. This grew to 1,005,012 in the first three quarters of SFY05. (These are the only 6 quarters of data we have.)
 - Approximately 50 SCSU representatives assisted customers 446,662 times in SFY05 for an average of 8,933 calls per representative.
 - We respond to mail correspondence within 5 working days and respond to SCSU referrals and walk-ins within 2 working days.

What Are We Doing to Maintain Performance Given Current Budget Constraints? (Cont'd)

- **Continuously looking for cost containment ideas to reduce cost of doing business (no new dollars available)**
 - New legislation passed in 2005. The bill has the goal of reducing embarrassment to those individuals who are served papers at home or business by the sheriff or process server, who would have cooperated if a letter had been sent to them. It also will help bring cost of the program closer to the appropriation level.
 - Employer website in July 2005. Launched the simple and easy-to-use Internet site “iowachildsupport.gov” where employers make payments and report new hires/terminations online saving them time, lessening the chance for providing incorrect payment information, and increasing our capacity to process a growing number of payments with limited resources.
 - New legislation passed in 2006. The bill has the goal of simplifying income withholding for the payment of child support, and will help make changes to income withholding more quickly.

How many do we serve?

Refer to Attachment #1

- 187,000 total cases at the end of SFY 05. 190,189 cases in SFY06 (AS OF 4/30/06)
 - 162,014 court ordered cases. 164,059 in SFY06 (AS of 4/30/06)
 - 209,581 children under 18 (AS OF 4/30/06)
-
- **What causes the number of cases to grow?**
 - Divorce rates 8,305 divorces*
 - Children born out of marriage 11,895*
- *Data from the Iowa Department of Public Health 2004 Vital Statistics of Iowa

What has been collected over last nine years?

Refer to Attachment #1

- Growth in total child support collections from \$174.5M in SFY97 to \$307.8M in SFY05.
- Rate in growth of total collections was 76% which is far greater than the case growth rate of 19%.
- Growth in current support collections from \$47.3M in FFY 1996 to nearly \$219M in FFY 2005 or over 363%.
- Percent of current support due that was paid during same time period has risen to nearly 64.74%.

Challenges We are Seeking to Manage:

- Cases continue to grow while funding remains constant.
- Need to continue to find ways to provide mandated services at lower cost
- Diverse customer groups:
 - Growing number of cases where child not with mother or father
 - Obligors who work hard to pay support, but also those who work hard to avoid paying support

What else are we doing?

Why is it that those ordered to pay don't always pay? Why are so many children living in single parent and no parent homes? What could we do to share how important parents are to their children? What could we do to help the parent who is having trouble?

- Fatherhood Initiative: The Bureau of Collections has partnered with the Polk County Fathers and Families Coalition and Making Connections to implement a fatherhood initiative funded through a grant from the Annie E. Casey Foundation. A Start-up Coordinator was hired in June 2006 who will organize and implement the project - including development of community partnerships, success measures and reporting methods, and case management practices. The goal of this initiative is to provide resources and services to low-income families at the time of their entry into the child support caseload to prevent parents disengaging from their children and the build-up of overwhelming child support debt.

What else are we doing? (Cont'd)

- Alternative to Contempt: The Des Moines Child Support Recovery Unit in conjunction with the Fifth Judicial District Court is working with non-paying non-custodial fathers facing contempt of court proceedings and jail time. A case management approach is taken to address the barriers and needs of the fathers to assist them to take responsibility and pay their child support.
- In Polk County, the Polk County Fathers and Families Coalition and the Des Moines Child Support Recovery Unit completed a federal grant project in the spring of 2006 that promoted public awareness about child support and the importance of parental involvement. Activities included speaking engagements, resource fairs, bridal and baby fairs, and other outreach efforts. The Coalition continues to promote healthy relationships and the importance of community involvement and support of fathers.

What can we do to make it easier for employers to send income withholding to Child Support?

- Employer electronic payment website implemented July 2005 is being enhanced to send income withholding notices electronically so that employers have a faster way to find out that an employee owes support.

**Jeanne Nesbit
Carol Eaton**